



Financial Market & Economy Update

Domestic Update:

- Retail inflation increased marginally to 3.18 % in June over the previous month, mainly due to rise in food prices, according to official data.
- The retail inflation based on the Consumer Price Index (CPI) stood at 3.05 % in May and 4.92 % in June 2018.
- Industrial production grew at 3.1 % in May, mainly on account of improvement in power generation, according to official data released Friday. The Index of Industrial Production (IIP) had expanded by 3.8 % in May 2018.
- The Indian government had Rs 66,793 crore (\$9.73 billion) outstanding loans with the central bank under ways and means advances in the week ended July 5, according to the Reserve Bank of India's (RBI) weekly statistical supplement released on Friday.
- The government has infused over Rs 3.15 lakh crore into public sector banks (PSBs) in the 11 years through 2018-19, Parliament was informed Monday.
- India's government aims to raise up to 150 billion rupees (\$2.18 billion) by reducing its stake in 18 state firms to 75 %, a finance ministry official involved in the matter said on Monday, as it looks to boost revenues and rein in the fiscal deficit.
- Indian farmers have planted 23.4 million hectares with summer crops, down 27% from this time a year ago, according to the Ministry of Agriculture & Farmers' Welfare, buffeted by patchy monsoon rains that slowed down sowing in the country.
- The government has paid crop insurance claims worth Rs 9,046 crore to 80 lakh farmers for the kharif 2018 season under PMFBY and RWBCIS, Parliament was informed July 9
- Digital transactions in the country surpassed the target set by the government, clocking a total volume of 3,133.58 crore in 2018-19 and is showing a positive trend for the current financial year, Parliament was informed on Wednesday.
- Foreign direct investments (FDI) into the country grew 3 % to USD 6.95 billion in April, Parliament was informed Wednesday. Commerce and Industry Minister Piyush Goyal said that during 2018-19, the country recorded the highest-ever total FDI inflow of USD 64.38 billion, which is 6 % higher as compared to 2017-18.
- To boost connectivity of villages with hospitals, schools and markets, the Centre approved the launch of Phase-3 of its rural road programme to widen and revamp 1.25-lakh km of roads in the country. In a cabinet meeting, chaired by Prime Minister Narendra Modi, the launch of Phase-3 of the Centre's flagship rural road scheme Pradhan Mantri Gram Sadak Yojana (PMGSY) was approved, the government said in a statement.

Global Update:

- German exports rebounded more strongly than expected in May. Exports grew by 1.1% on the month in May, data from the Federal Statistics Office showed on Monday. Imports fell 0.5% on the month in May. The upshot was a rise in the trade balance to 18.7 billion euros (\$20.99 billion) from 16.9 billion in the prior month.
- Japan's core machinery orders fell by the most in eight months. Cabinet Office data on Monday showed that core orders, a highly volatile data series regarded as an indicator of capital spending in the next six to nine months, fell 7.8% in May from the previous month.
- China's foreign exchange reserves rose more than expected in June. The country's foreign exchange reserves - the world's largest - rose \$18.23 billion in June to \$3.119 trillion, data from the People's Bank of China (PBOC) showed on Monday.
- U.S. job growth rebounded strongly in June, with government payrolls surging, but persistent moderate wage gains and mounting evidence the economy was losing momentum could still encourage the Federal Reserve to cut interest rates this month. Nonfarm payrolls increased by 224,000 jobs last month as government employment rose by the most in 10 months, and construction and manufacturing hiring regained speed. The economy created only 72,000 jobs in May.
- Britain's economy grew more than expected in May, helped by rebounding car output after Brexit-related shutdowns, but the outlook remains fragile as a new prime minister prepares to take Britain out of the European Union. Overall output grew 0.3% after contracting by 0.4% in April, the Office for National Statistics said.
- The inflation rate in Germany was confirmed at 1.6 % year-on-year in June 2019, up from 1.4 % in the previous month, as both services and food prices rose at a faster pace while energy inflation eased.
- Bond Investments by Japanese abroad increased by 297.10 billion yen in the week ending July 6 of 2019.
- Stock Investments by foreigners in Japan increased by 192.20 billion yen in the week ending July 6 of 2019.
- The US annual inflation rate fell to 1.6 % in June 2019 from 1.8 % in the previous month and in line with market expectations.
- China's exports fell in June as the United States ramped up trade pressure, while imports shrank more than expected, pointing to further weakness in the world's second-largest economy and slackening global growth. June exports fell 1.3% from a year earlier, not as much as the 2% drop analysts had expected but reversing a surprise gain in May when shippers rushed to beat more U.S. tariffs, customs data showed. Imports fell 7.3%, a sharper drop than the 4.5% expected and following a 8.5% contraction in May, suggesting domestic demand remains tepid despite a flurry of growth measures since last year. That left China with a trade surplus of \$50.98 billion last month, compared with a \$41.66 billion surplus in May.
- Euro zone industrial production rose more than expected in May, data released on Friday showed, offsetting declines in the past two months and defying gloomy forecasts caused by prolonged trade tensions. The EU statistics agency Eurostat said euro zone factory output increased by 0.9% in May on the month, above market consensus expectations of a 0.2% rise. The most pessimistic expected

Domestic Markets



Index	12-Jul-2019	05-Jul-2019	% Change
BSE Sensex	38736.23	39513.39	-1.97
S&P CNX Nifty	11552.5	11811.15	-2.19
CNX Midcap	17146.25	17529.7	-2.19
CNX 500	9457.75	9657.65	-2.07
BSE Smallcap	13776.58	14141.83	-2.58

Global Markets



Index	12-Jul-2019	05-Jul-2019	% Change
Dow Jones	27332.03	26922.12	1.52
Nasdaq	8244.14	8161.79	1.01
S&P 500	3013.77	2990.41	0.78
FTSE 100	7505.97	7553.14	-0.62
Shanghai Composite	2930.55	3011.06	-2.67
Hang Sang	28471.62	28774.83	-1.05

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	19196	20439	-1243
MF Flows*	13361	12519	842

FII & MF data from 5th July to 11th July 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
08-Jul-2019	168.4	-961.77
09-Jul-2019	-702.24	-228.32
10-Jul-2019	538.96	-294.2
11-Jul-2019	2436.6	936.1

Policy Rates



Key Rates (%)	12-Jul-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.5	5.5	5.5
Repo	5.75	5.75	5.75
CRR	4	4	4
SLR	19	19	19

Key Rates



drops up to 0.5%.

- Singapore's economy grew at its slowest annual pace in a decade in the second quarter, preliminary data showed on Friday, raising bets that a technical recession and monetary policy easing could be just around the corner. The quarter's 0.1% gross domestic product (GDP) expansion was below the 1.1% forecast in a Reuters poll and the slowest annual growth since 2009's second quarter, when it fell 1.2%.



Equity Market Update

- Indian equity benchmarks are headed for their worst weekly loses in two months.
- The S&P BSE Sensex fell 1.9 % so far this week and the NSE Nifty 50 fell over 2 % during the period.
- **Broader Markets:** BSE Mid-Cap fell 171.77 points or 1.17 pc to settle at 14,553.88. BSE Small-Cap fell 365.25 points or 2.58 pc to settle at 13,776.58.
- **Sector Update:** On the BSE, the BSE Healthcare Index was the best performer this week as it closed at 12,923.39, up 204.16 points or 1.61 %. All the other indices closed in the red. Some examples include – BSE Consumer Durables Index (down 8.55 %), BSE Capital Goods Index (down 5.20 %) and BSE Industrials Index (down 3.79 %).
- On the NSE, the Nifty Pharma performed well this week as it closed at 8144.30, up 217.80 points or up 2.75 %. The Nifty Media Index was up 12.95 points or 0.63 % at 2,066.10. Meanwhile, all other Nifty indices closed in the red, that is, Nifty Finance (down 3.14 %), Nifty Bank (down 2.78 %) and Nifty Auto (down 2.49 %), to name a few.



Debt Market Update

- India government bonds jumped for a second week, with the benchmark yield posting its biggest fall in 15 months, as the budget proposal to issue sovereign bonds continued to aid investor appetite.
- The benchmark 7.26% bond maturing in 2029 ended at 105.41 rupees, yielding 6.49%, in Mumbai on Friday.
- The benchmark bond yield fell 20 basis points this week, its biggest weekly decline since Apr. 6, 2018.
- India is aiming to raise around \$10 billion from the first foreign bond sale, Finance Secretary Subhash Garg had said. India aims to gross borrow 7.10 trillion rupees in this financial year.



Commodity Market Update

Oil Update:

- Oil prices posted strong weekly gains on Friday as U.S. Gulf of Mexico crude output was halved by disruptions caused by a tropical storm, but concerns over a global crude surplus in the months ahead limited gains.
- West Texas Intermediate futures rose nearly 5% this week while Brent climbed more than 4%. On Friday, however, U.S. crude gained just 1 cent to settle at \$60.21 per barrel while Brent gained 25 cents to trade at \$66.77 per barrel.

Gold Update:

- While a month ago, global scenarios were influencing gold price across India, a new factor has come into play this month. It is gold custom duty. Indian gold prices have already peaked to all-time high above Rs 35,000 across regions led by geopolitical tensions, dollar weakening and major central banks pinning down major rate cut hopes.
- Last week, gold prices inched up by Rs 930 to Rs 35,800 per 10 gram, just a couple of rupees away from touching a new all-time high of Rs 36,000-mark. It was seen as a positive trend overseas because make no mistake, gold is considered to be one of the best instruments for hedging funds.
- Gold with purity of 99.9 % and 99.5 % spurred by Rs 930 each to Rs 35,800 and Rs 35,630 respectively in 10 gram. Not only that, sovereign gold also soared by Rs 100 to Rs 27,400 for 8 grams.
- At present, 10 gram of gold in 22 karat is available at Rs 33,600 in Mumbai, Rs 33,850 in Delhi, Rs 34,140 in Kolkata and Rs 33,160 in Chennai.
- The rise in gold price this time was led by US Federal Reserve Chairman Jerome Powell who made it even more clear about possible rate cuts soon, prompting investors to park their money in safe haven assets.
- Following the news, gold prices have touched 1-week high. Spot gold grew by 0.3 % to 1,422.67 per ounce in intraday trade, which was the highest since the metal cracked \$1,426-mark on July 03. Also, the yellow metal has surged by 1.5% in the previous trading session. Meanwhile, the US gold futures swung up to 1,424.70 per ounce.



Currency Market Update

Key Rates (%)	12-Jul-2019	05-Jul-2019	% Change
Mibor Overnight	5.85	5.69	2.81
CALL (O/N)	5.63	5.56	1.26
CBLO	5.56	5.58	-0.36
T Bills Index (12M)	6.02	6.04	-0.33
10 Year GSEC	6.49	6.69	-2.99

Commodity Market



Commodity (INR)	12-Jul-2019	Gain+/Loss-	% Change
Gold (10 gm)	34407	-248	-0.72
Silver (1 kg)	37733	-42	-0.11
Crude Oil (\$/barrel)	66.72	2.49	3.88

Currency Market



Currency	12-Jul-2019	Gain+/Loss-	% Change
USD/INR	68.59	-0.16	-0.23
EURO/INR	77.29	-0.23	-0.3
GBP/INR	86.01	-0.49	-0.57
JPY/INR	63.3	-0.4	-0.63

Upcoming Events



Monday 15, 2019

GDP Growth Rate YoY Q2 (CHINA)
WPI Manufacturing YoY JUN (INDIA)
WPI Fuel YoY JUN (INDIA)
WPI Food YoY JUN (INDIA)
WPI Inflation YoY JUN (INDIA)
Balance of Trade JUN (INDIA)

Tuesday 16, 2019

ZEW Economic Sentiment Index JUL (GERMANY)
Retail Sales MoM JUN (US)

Wednesday 17, 2019

Inflation Rate YoY JUN (GREAT BRITAIN)

Thursday 18, 2019

Balance of Trade JUN (JAPAN)

Friday 19, 2019

- As expected, a bullish trend in Indian Rupee (INR) has taken a pause and sideways movement has been witnessed in the week gone by.
- Indian rupee weakened by 26 paise during the week ended July 12, to close at Rs 68.69 against the US dollar from its last week's close of Rs 68.43.
- India's foreign exchange reserves rose to fresh record high of \$429.91 billion as the country's gold and foreign currency assets increased in the week ended July 5.
- The U.S Dollar Index ("DXY") fell by 0.49% in the week to 96.81.

Inflation Rate YoY JUN (JAPAN)
 Deposit Growth YoY JUL/05 (INDIA)
 Foreign Exchange Reserves JUL/12 (INDIA)
 Bank Loan Growth YoY JUL/05 (INDIA)

Week Gone By



Events	Actual %	Previous %
Balance of Trade MAY (GERMANY)	€20.6B	€17.9B
Inflation Rate YoY JUN (CHINA)	2.7	2.7
Balance of Trade MAY (GREAT BRITAIN)	£-2.324B	£-3.716B
Inflation Rate YoY Final JUN (GERMANY)	1.6	1.4
Inflation Rate YoY JUN (US)	1.6	1.8
Core Inflation Rate YoY JUN (US)	2.1	2.0
Balance of Trade JUN (CHINA)	\$50.98B	\$41.73B
Foreign Exchange Reserves JUL/05 (INDIA)	\$429.91B	\$427.68B
Industrial Production YoY MAY (INDIA)	3.1	3.4
Inflation Rate YoY JUN (INDIA)	3.18	3.05
Manufacturing Production YoY MAY (INDIA)	2.5	2.8

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